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15 VIDEO TRANSCRIPTION

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24 Diversified Reporting Services, Inc.
25 (202) 467-9200

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1 P R O C E E D I N G S

2 RPLI_SEC 1100509_HIGHLY CONFIDENTIAL

3 MR. GARLINGHOUSE: Thank you for joining the
4 second quarter 2018 all hands. It keeps growing. You
5 guys are like rabbits. Well, on that topic, if you're
6 feeling crowded -- all right, apparently, I've already
7 started with a -- on that topic, if you're feeling
8 crowded because this is the largest group we've ever
9 had, we are simulcasting this all hands. If you are so
10 inclined, you may go downstairs to Caspian or
11 Chesapeake where they are -- apparently, we're
12 broadcasting what's happening here. Or you can go to
13 Zambezi (phonetic) down the hallway here. Or you can
14 sit with the lovely people you're sitting next to right
15 now and just stay right where you are.

16 Okay. Hi, everybody. We have an
17 action-packed presentation here. I get the honor of
18 kicking us off, but also, I pretty much have the
19 lightest part of the agenda. Some of you who are
20 closer to my age who remember Deep Thoughts by Jack
21 Handy -- apparently many of you don't know what that's

351800.20210908-NY

14 So, these are the 43 people who, in Q2
 15 alone -- so we've hired people year to date -- in Q2
 16 alone, we added all of these people. I would try to go
 17 name by name and read them but I'm not going to do that
 18 because that would be embarrassing very quickly. But I
 19 will highlight again, a lot of great adds from a lot of
 20 different companies. We can make fun of somebody's
 21 photo up there, but I won't do that right now.

22 I highlighted this already, two customer
 23 deals signed per week in Q2. We already got a round of
 24 applause, so we don't need to do it again. Twenty-six
 25 production contracts in Q2 alone. The other thing I'll
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1 point out, and I see [REDACTED] sitting right over
 2 here, he's smiling, he should be smiling, but if we did
 3 one production contract a week in Q1 and two production
 4 contracts per week in Q2, that means we'll do three
 5 production contracts per week in -- no, okay. I don't
 6 really expect it. Q3 is traditionally a different, a
 7 tougher quarter, but -- for a lot of reasons, raising
 8 from summer holidays in Europe to Ramadan, so we don't
 9 necessarily have that same expectation, we'll talk
 10 about that in the OKRs in a second. But it was
 11 certainly a tremendous quarter in that regard.

12 I highlighted yesterday at lunch our
 13 effort -- I was in DC last Friday -- our effort working
 14 with regulators around the world has continued to be a
 15 focus. It's going to continue to be a focus in the
 16 second half of the year. Ryan Zagone's going to come
 17 up and talk a little bit later about some of the stuff
 18 we're doing. But we're going to continue to invest in
 19 that team. You may have noticed we hired someone on
 20 Ryan's team yesterday. But we're also just allocation
 21 of time, allocating our budget, engaging lobbying firms
 22 and budget in that regard as well. I think in
 23 retrospect, and Chris Larsen and I have talked about
 24 this, Silicon Valley, deservedly I think, has a
 25 reputation of kind of saying, hey, you know we're just
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1 going to build great products and not worry about it,
 2 and we kind of put our head in the sand on a regulatory
 3 basis. I think I'm I've been largely guilty of that.
 4 And I think, in retrospect, that was a mistake and
 5 we're kind of playing catch-up and we're being a little
 6 bit reactive to holy cow, wait a minute, you're seeing
 7 some announcements and we need to get on top of those.
 8 But I think we are -- we've hired truly some of the
 9 best people in the world to help us with that and we're

351800.20210908-NY

10 making good progress.

11 Lastly, I will highlight in the kind of how
12 the world has changed in Q2, I mentioned earlier I
13 think expanding the XRP ecosystem -- we announced
14 spring in Q2, we hired a guy named Ethan Beard, who's
15 sitting out here, and I think this is a really big,
16 important initiative as we go through the rest of the
17 year, and not just thinking about the success of XRP
18 within Ripple, but also beyond that.

19 We announced a couple deals -- certainly Coil
20 was an example, the work we're doing with [REDACTED]
21 [REDACTED], and you know, I think that's going to continue
22 to be something important as we go through the rest of
23 the year.

24 All right, now as we think about how thick
25 did the trunk get, I would say there are -- there's

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1 some good news, but we're also not out of the woods.
2 If there were a big nor'easter, but that kind of
3 explains where I've spent part of my life -- a
4 nor'easter's a big storm in the northeast -- what's the
5 equivalent on the west coast of a big storm that comes
6 through. Earthquake. That's not quite what I was
7 thinking about. We'll go with tornados. No --
8 don't -- all right. Look, the point is, we've made a
9 lot of progress. We are not out of the woods, pun
10 intended. I think we need to continue to invest here.

11 Look, I will also digress on kind of a
12 personal basis. I've been out in Silicon Valley 21
13 years, and if you've been here for a little while
14 you've probably heard me talk about this a little bit,
15 but it is so rare to be in the position we are in in
16 Silicon Valley. Most start-ups fail. To be on the
17 journey we are on right now is an incredibly unique
18 experience. To be in the position where we can have
19 not just the success of engaging two production
20 contracts a week, but really the opportunity to change
21 the nature of how payments flow on a global basis.
22 And, as we talk about what are the implications and
23 internet of value. Like, I think it's a really special
24 time and it's really ours to lose. The team that we've
25 put together here, the team that has put us in this

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1 position's outstanding. The team that we've been
2 bringing on I think is only raising the game. But I
3 really just think it's worth pausing and appreciating,
4 as we finish Q2 -- or now that we're finished with
5 Q2 -- like that we have come a very long way, but the